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## State of Utah Department of Commerce

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### MEDIA ALERT

#### **Utah Man Faces Criminal Charges for taking \$150k from Utah Investor**

*"Victim promised 10% return on government contracts, loses money in scam"*

**(For immediate release)**

**SALT LAKE CITY, Utah** – The Division of Securities and the Attorney General's Office announced today that criminal charges have been filed against Bennie Smith Jr., of Salt Lake City. Smith faces three second degree felony charges for securities fraud and theft along with two third degree felony charges for sales of an unregistered security by an unlicensed broker-dealer or agent. Division investigators allege Bennie Smith Jr. solicited \$150,000 from one investor to use for government contracts that turned out to be fake and spent much of the investor's money on personal bills. Charges were filed by the Utah Attorney Generals Office in Third District Court On August 22, 2006. To date, law enforcement officials are still seeking Bennie Smith's arrest.

"Bennie Smith Jr. convinced the victim this investment was secure," said Wayne Klein, Director of the Division of Securities, "If the investor had checked him out with the Division of Securities a costly lesson could have been avoided."

According to charging documents, Smith approached the investor in 2001 with the promise of a 10% return on promissory notes for his company, Blacksmith Management Group, which allegedly performed contract work for government and military facilities. Smith told the investor her \$166,000 deposit would be secured by real estate Smith owned in Salt Lake City. The investor gave Smith a cashier's check for \$166,000 and was paid back all but \$32,000 on her investment, which she then agreed to roll into a new promissory note. In March 2002, Smith called the investor saying his company was awarded a secret government contract and he needed \$8000 to purchase a trailer and computers. Smith said her deposit would be secured by his real estate in Las Vegas valued at \$2.5 million. The investor turned over a cashiers check for \$8000 on March 22<sup>nd</sup> which was deposited into Smith's account. Over the next three months, the investor sent Smith two additional investments totaling \$35,000. In October 2002, Smith gave the investor a promissory note for \$75,000 and a deed of trust to the Las Vegas property. In January 2004, Smith told the investor he had acquired a contract in Florida to make 50,000 doors and needed \$75,000 to buy manufacturing equipment. The investor sent Smith a check for \$75,000 and was given another promissory note.

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To date the investor has not received any return on her \$150,000 investment. Smith failed to disclose to the investor that his \$2.5 million dollar property in Las Vegas had over \$1,260,000 in liens against it and that he was not licensed to sell securities in Utah. The Las Vegas property was sold in foreclosure and the investor received no proceeds from the sale.

"Con artists beware! The Attorney General's Office and the Division of Securities will tag team against you and make sure you pay for your crimes," said Utah Attorney General Mark Shurtleff.

Investors are urged to contact the Division of Securities to make sure anyone offering investments is licensed, by calling (801) 530.6600, toll free at 1.800.721.7233 or logging on to [www.securities.utah.gov](http://www.securities.utah.gov).

*Defendants are presumed to be innocent unless they enter a guilty plea or are found guilty in a court of law.*

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